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MEMORANDUM FOR: Director of Personnel

STAT FROM:

Liaison Division
Office of Legislative LiaisonSUBJECT: Senator Stevens' (R., AL) Preliminary Concepts
for Supplemental Retirement Legislation

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SUMMARY: Senator Ted Stevens (R, AL), chairman of the Senate Committee on Governmental Affairs' Subcommittee on Civil Service, Post Office, and General Services, is and will continue to be the leading force in the Senate on all federal employee benefit, allowance, entitlement, and pay issues. By virtue of his Governmental Affairs subcommittee chairmanship and by virtue of his Senate leadership position (Assistant Majority Leader), he wields considerable influence in the Senate. He is also the single moving force in the Senate behind supplemental retirement legislation that is necessitated by the Social Security Amendments of 1983. Senator Stevens, therefore, is a major force to be reckoned with in the Senate on the subject of supplemental retirement, whether for Agency CIARDS participants, for Civil Service Retirement System (CSRS) participants, or for new (as of 1 January 1984) Social Security participants.

1. As I have previously indicated to you, Senator Stevens has commissioned a massive Government Accounting Office (GAO) survey of pension and retirement plans in both the private and public sectors, for his subcommittee's consideration in drafting supplemental retirement legislation. He has further commissioned a Congressional Reference Service (CRS) effort to analyze the GAO survey data and to then develop four or five alternative supplementary retirement programs for his consideration in drafting supplementary retirement legislation. In addition, he is also sponsoring several "retirement forums" to facilitate a broader understanding both within the Congress and within the Executive Branch of pension and retirement practices in the private and public sectors that will bear on the formulation of supplemental retirement legislation. The first of these forums was held in December 1983, as previously reported to you. The next is scheduled to take place on 16 February 1984. George Owens and I are scheduled to attend, as invited guests of Senator Stevens subcommittee.

2. While Senator Stevens will not formally introduce supplemental retirement legislation until the Congress reconvenes in January 1985, or in late 1984 if the President reconvenes the Congress after the November general elections, he and his subcommittee staff are already well into the planning and preliminary decisionmaking process. The Senator is strongly inclined towards a defined benefits plan with either an attached thrift plan or some variant of a 401k plan. He is also presently inclined to fully integrate this supplemental retirement plan with the Social Security system. He acknowledges that the political realities in the Congress will probably result in a federal supplemental retirement plan that will be more austere than the present CSRS.

3. Senator Stevens is reported to believe quite strongly that there should only be one federal retirement system, period, but has reportedly acknowledged to his subcommittee staff there there probably are a few legitimate exceptions, one of which is the Agency's CIARDS-type employee. He evidently further believes that, because supplemental retirement legislation will be so very complex and so very political, with so many strongly-held views by the many major participants in this issue, that Senate passage of such a bill will be very contentious. He believes that House treatment of this issue will be equally contentious. As a result, he is reported to feel that only one supplemental retirement bill can be successfully dealt with during the 99th Congress (January 1985-December 1986). This belief, then, if correct, provides the first parameter for Agency planning purposes. The second parameter was provided by the Senator's cognizant staff officer who advised that the Agency should consider having its CIARDS-type supplemental retirement requirements folded into a separate compartment of the government-wide supplemental retirement system, this to avoid the full glare of Congressional review.

4. I explained to the Senator's aide, in general terms, the Agency requirements that necessitate internal CIA administration of its CIARDS program and that will necessitate internal Agency administration of any resultant supplemental CIARDS-type program. I further explained to him our absolute need for inclusion of all existing eligibility and policy provisions included in our current CIARDS legislation in any such separate compartment of a government-wide system. I also explained to him that the Agency may well seek additional entitlements and/or

inclusions in any supplemental retirement program that we may propose, and that we were still in the early stages of analyzing and formulating our supplemental retirement needs. He acknowledged all of the above and felt confident that all of the Agency's reasonable needs could be effectively incorporated in a separate compartment of the government-wide system that will be considered by the Congress. To him, the advantage to the Agency of such a course of action would be to deflect the focused glare of the Congress away from a separate legislative program that will, in all likelihood, be a much more expensive and therefore unattractive (from the Congressional viewpoint) one. He believes, at least initially, that a CIARDS-type program incorporated in the government-wide system has a better chance of surviving than if it is introduced separately, regardless of whether Governmental affairs or the SSCI has jurisdiction.

5. The important point to all of the above, at least at this time, it seems to me, is not necessarily the substance of the issue but rather the timing. Senator Stevens and his staff are already well into the thought and creative processes of supplemental retirement. If we have any intent of entering into a substantive dialogue with Senator Stevens and his subcommittee, we need to start doing so now. In order to do so, we need to have decided on some broad outline and strategy for defining and accomplishing our supplemental retirement needs, whatever we ultimately decide them to be. Senator Stevens, at least through his cognizant staff officer, has indicated a willingness to work with us in accomplishing our needs, at least to the extent that we can demonstrate to him the need for them. In the same breath, however, he indicates that we need to start talking with him sooner rather than later if he is to have time to adequately address them.

6. I have not conveyed any of the above to the SSCI, as I think the decision to do so is a part of our larger strategy that has as yet not been defined. Neither have I begun the process of "educating" any of the staff of either our oversight committees or of the substantive committees (Governmental Affairs in the Senate and Post Office/Civil Service in the House) about our unique and legitimate retirement needs (i.e., your "matrix"). As we have discussed on several occasions, I feel strongly that we need to start this educational process well ahead of the substantive consideration of any Agency supplemental retirement legislation.

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